

Message Text

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 0277

INFO AMEMBASSY BANGUOK

DEPCHJUSMAGTHAI

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CDR JCRC NKP

CINCPAC

S E C R E T SECTION 1 OF 3 VIENTIANE 6114

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: PGOV, PFOR, MOPS, LA

SUBJECT: QUARTERLY REPORT ON LAOS

BEGIN SUMMARY: THE SECOND QUARTER IN LAOS WAS AN EVENTFUL ONE, WITH THE VIENTIANE FORCES GRADUALLY PULLING THEMSELVES TOGETHER AND THE LPF REPS IN THE NEW PROVISIONAL GOVERNMENT OF NATIONAL UNION (PGNU) BECOMING INCREASINGLY AWARE OF THE PRACTICAL CONSTRAINTS IMPINGING UPON THEIR POLITICAL ASPIRATIONS. PRIME MINISTER SOUVANNA SUFFERED A SEVERE HEART ATTACK IN JULY, OPENING WIDE THE QUESTION OF SUCCESSION AND PRODUCING A MILD ATTEMPT BY HIS BROTHER SOUPHANOUVONG TO COURT THE RIGHT AS WELL AS INCREASED PARALYSIS OF THE LAO BUREAUCRACY. THE FORCES OF THE RIGHT, WHILE STILL UNHAPPY WITH RECENT EVENTS, SHOW NO SIGNS OF WANTING TO UPSET THE PGNU APPLE CART. U.S. WORKING CONTACTS WITH THE LPF ARE INCREASING AND RELATIONS HAVE BEEN BUSINESSLIKE, ALTHOUGH LPF REPS RETAIN PARANOID ATTITUDE TOWARD "U.S. SPIES"

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AND ALLEGED U.S. INTERFERENCE IN LAO INTERNAL AFFAIRS. POLITICAL

SITUATION IN LAOS HAS BEEN SERIOUSLY COMPLICATED BY A RAPIDLY DETERIORATING ECONOMY. THE U.S. MAY HAVE TO PROVIDE EXTRAORDINARY ECONOMIC ASSISTANCE TO THE PGNU DURING THE NEXT QUARTER TO KEEP THE ECONOMY OF LAOS FROM COLLAPSING ENTIRELY. END SUMMARY

I. INTRODUCTION

IMPORTANT DEVELOPMENTS IN LAOS DURING THE PAST QUARTER INCLUDED: SOUVANNA'S HEART ATTACK JULY 12; THE FAILURE OF THE PATHET LAO AND DRV TO RESPECT THE TROOP WITHDRAWAL PROVISIONS OF THE VIENTIANE ACCORDS OR TO RELEASE THE ONE AMERICAN PRISONER; THE BEGINNING OF THE DEMARCATION OF A CEASEFIRE LINE THROUGHOUT LAOS; A MAJOR STRIKE BY EMPLOYEES OF A U.S. MISSION CONTRACTOR; THE PROPOSED DISSOLUTION OF THE NATIONAL ASSEMBLY; AND A SEVERE ECONOMIC CRISIS WHICH HAS ONLY BEEN PARTIALLY REDRESSED BY THE PLNU BECAUSE OF PATHET LAO REJECTION OF IMF DEVALUATION RECOMMENDATIONS. AGAINST THIS BACKGROUND, IN THE PRESENT QUARTERLY

REPORT, WE REVIEW THE STRENGTHS AND WEAKNESSES OF THE PATHET LAO AND VIENTIANE SIDE IN THE COALITION GOVERNMENT, AND THEN EXAMINE SOME OF THE PROBLEMS POSED BY THE FOREGOING DEVELOPMENTS.

II. THE COALITION FOUR MONTHS LATER

A. LPF STRENGTHS AND WEAKNESSES

1. WHEN THE LAO PATRIOTIC FORCES (I.E., PATHET LAO) JOINED THE NEW PGNU ON APRIL 5, LOCAL OBSERVERS PREDICTED THAT THEIR INFLUENCE WOULD EITHER PARALYZE OR RADICALIZE THE ALREADY LETHARGIC PROCESSES OF GOVERNMENT IN LAOS.

2. AT THE OUTSET, IT LOOKED AS THOUGH RADICALIZATION WAS UNDERWAY, FOR THE LPF TOOK RIGID POSITIONS ON BASIC ISSUES AND INTIMIDATED THEIR VIENTIANE SIDE COUNTERPARTS. WITH TIME, HOWEVER, THE LPF MINISTERS AND SECRETARIES OF STATE BECAME AWARE OF THE DIFFICULTIES OF COPING WITH THE DAY-TO-DAY DETAILS OF ADMINISTERING A BUREAUCRACY. THOUGH STILL PRESSING AT THE IDEOLOGICAL LEVEL, THEY HAVE BEEN RELATIVELY PRAGMATIC ON ROUTINE MATTERS. LPF MINISTERS AND SECRETARIES OF STATE ARE CLEARLY STILL TRYING TO LEARN THE ROPES, WHILE VIENTIANE SIDE TECHNO-

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CRATS CONTINUE TO KEEP THE BUREAUCRACY FUNCTIONING. THE LPF PRESENCE HAS THUS SERVED TO FURTHER RETARD WHAT IS ALREADY ONE OF THE WORLD'S SLOWEST GOVERNMENTS. WITH SOUVANNA'S HEART ATTACK ON JULY 12, GENUINE PARALYSIS SEEMS TO HAVE SET IN ON ALL BUT ROUTINE MATTERS. THIS IS NOT NECESSARILY BAD, SINCE THE BIG PROBLEMS DURING THE PAST FOUR MONTHS HAVE BEEN PROVOKED BY POLITICAL INITIATIVES FROM THE PATHET LAO ON ISSUES OF IMPORTANCE TO THEM.

3. THE PATHET LAO SIDE REMAINS SEVERELY EMBARRASSED BY OVER-IDENTIFICATION WITH NORTH VIETNAM, WHOSE FORCES REMAIN IN LAOS AFTER THE JUNE 4 DEADLINE FOR FOREIGN TROOP WITHDRAWAL. VIENTIANE SIDE FORCES HAVE BEEN QUICK TO CAPITALIZE ON THIS SITUATION TO EMBARRASS THE LPF. FOR EXAMPLE, ON JULY 9, SEVERAL DISSIDENT NATIONAL ASSEMBLY MEMBERS HELD A DEMONSTRATION AT THE ASSEMBLY TO CRITICIZE NVA NON-COMPLIANCE WITH THE VIENTIANE ACCORDS. THE VIENTIANE PRESS HAS BEEN PARTICULARLY VOCIFEROUS IN EXPOSING AND CONDEMNING THE CONTINUED NVA PRESENCE.

4. ANOTHER LPF DRAWBACK HAS BEEN SOUPHANOUVONG'S HARDNOSED AND DOCTRINAIRE APPROACH TO POLITICS. HIS STYLE HAS NOT ENHANCED HIS POTENTIAL FOR SUCCEEDING SOUVANNA, WHICH DEPENDS ON GENERATING A NEUTRAL IMAGE. WHILE SOUPHANOUVONG HAS MANAGED TO GAIN SOME INFLUENCE AMONG THE PEOPLE IN HIS OLD BAILIWICK OF LUANG PRABANG, HE HAS DONE SURPRISINGLY LITTLE TO CAPTURE SUCH SUPPORT ELSEWHERE.

5. ANOTHER WEAKNESS OF THE LPF IS EXCESSIVE ZEAL. RADIO PATHET LAO PRTPAGANDA BLASTS AT "CONTINUED U.S. INTERFERENCE IN LAO INTERNAL AFFAIRS" HAVE STRUCK A SOUR NOTE AMONG PEOPLE WHO CAN SEE CLEARLY THAT THE U.S. RESPECTED THE JUNE 4 DEADLINE FOR WITHDRAWAL OF ITS MILITARY PERSONNEL WHILE THE NORTH VIETNAMESE HAVE NOT. THERE REMAINS A MARKED DISCREPANCY BETWEEN THE VICIOUSNESS OF THE VERBAL ATTACKS EMANATING FROM SAM NEUA AND THE SOMEWHAT MORE CONCILIATORY REMARKS MADE BY LPF LEADERS IN VIENTIANE.

6. LPF STRENGTH REMAINS ITS UNITY OF PURPOSE, ITS DISCIPLINE, AND ITS HIGH MOTIVATION. LPF REPRESENTATIVES AT ALL LEVELS SPEAK WITH ONE VOICE. THEY STRIKE A RESPONSIVE CHORD WHEN THEY PERBALLY CHAMPION THE RIGHTS OF THE LITTLE MAN IN LAOS ON SUIH
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ISSUES AS RISING PRICES. HOWEVER, THEIR INABILITY TO DO MORE THAN TALK ABOUT SUCH PROBLEMS HAS PLACED THEM IN A RATHER AWKWARD POSITION.

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CINCPAC ALSO FOR POLAD

B. VIENTIANE SIDE STRENGTHS AND WEAKNESSES

7. FOR TWO MONTHS AFTER THE FORMATION OF THE PGNU, THE VIENTIANE SIDE FORCES REMAINED IN A STATE OF DISARRAY. THEY ALLOWED THE LPF TO SEIZE THE INITIATIVE IN PRACTICALLY ALL FORUMS. EFFORTS TO FORM A NON-COMMUNIST GROUPING TO COMPETE POLITICALLY WITH THE LPF WERE LATE AND SOMEWHAT HALTING, HIGHLIGHTING TRADITIONAL DIFFERENCES BETWEEN VARIOUS DISPARATE ELEMENTS ON THE VIENTIANE SIDE. THE DECISION ON JULY 4 TO ESTABLISH A "VIENTIANE SIDE FRONT" (VSF), AND THE SUBSEQUENT SELECTION OF DEPUTY PRIME MINISTER LEUAM INSISIENGMAI AND DEFENSE MINISTER SISOUK NA CHAMPASSAK AS VSF LEADERS, CONSTITUTED A MAJOR STEP FORWARD. SISOUK AND FINANCE MINISTER NGON SANANIKONE EMERGED AS THE MAJOR CIVILIAN FIGURES IN THE NON-COMMUNIST CAMP, BUT SIGNIFICANTLY INTERIOR MINISTER PHENG PHONGSAVAN, WHO WAS ABROAD AT THE TIME OF VSF FORMATION, HAS DECIDED, SINCE HIS RETURN, TO COOPERATE WITH THE NEWLY-FORMED FRONT. IT APPEARS LIKELY THAT, DURING THE SECRET

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QUARTER TO COME, PHENG WILL DUST OFF HIS NEUTRALIST CREDENTIALS, AND TRY TO REMAIN SOMEWHAT ABOVE THE FRAY SO AS TO APPEAR AS THE MOST LOGICAL COMPROMISE CANDIDATE FOR PRIME MINISTER SHOULD SOUVANNA PASS AWAY.

8. TO DATE, THE CONSERVATIVE FORCES OF THE RIGHT HAVE SHOWN

NO SERIOUS SIGNS OF WANTING TO UPSET THE PGNU APPLE CART. DESPITE THEIR UNHAPPINESS WITH EVENTS, IT IS UNLIKELY, GIVEN PRESENT TRENDS, THAT THEY WILL DO SO DURING THE NEXT QUARTER. INSTEAD, IT APPEARS LIKELY THAT THE TWO LAO PARTIES WILL CONTINUE TO JOCKEY FOR POLITICAL ADVANTAGE FOR AT LEAST A YEAR, WITH NO FINAL VERDICT BEING RENDERED UNTIL ELECTIONS ARE HELD, PERHAPS IN LATE 1975 OR EARLY 1976.

9. THE VIENTIANE SIDE STILL FACES IMMENSE PRACTICAL AND PSYCHOLOGICAL PROBLEMS. IT MUST IMPROVE ITS ADMINISTRATION OF THE BUREAUCRACY, ESPECIALLY IN SUCH AREAS AS ECONOMY AND SOCIAL WELFARE. HOPEFULLY, THE VSF--WHICH INCLUDES NON-COMMUNIST CIVILIAN ELEMENTS AND WHICH HAS AVOIDED TAKING "DOG-IN-MANGER" ATTITUDE TOWARDS THE PATHET LAO--WILL BE ABLE TO COALESCE INTO AN EFFECTIVE COUNTERPOISE TO THE LPF. EVEN IF THE VSF SHOULD FAIL, IT IS PROBABLY THAT MEMBERS OF VIENTIANE SIDE WILL CONTINUE TO COOPERATE MORE CLOSELY WITH ONE ANOTHER, IF ONLY TO SURVIVE IN THE FACE OF THE LPF CHALLENGE.

C. U.S. RELATIONS WITH LPF

10. SINCE PGNU FORMATION, AMERICAN OFFICIALS HAVE HAD INCREASED WORKING CONTACT AT ALL LEVELS WITH THE LPF. THESE CONTACTS HAVE BEEN GENERALLY BUSINESSLIKE AND DEVOID OF ANY ANTI-AMERICAN FULMINATIONS ON THE PART OF THE LPF. HOWEVER, IN THEIR RELATIONS WITH THEIR LAO COLLEAGUES, AND ESPECIALLY WHEN BEING INTERVIEWED BY THE INTERNATIONAL PRESS, MANY OF THE SAME LPF OFFICIALS HAVE TAKEN A DISTINCTLY ANTI-AMERICAN STANCE, ACCUSING THE U.S. OF NOT COMPLYING WITH THE VIENTIANE ACCORDS, OF ENCOURAGING RIGHTIST ELEMENTS TO ENGAGE IN DISRUPTIVE ANTI-PGNU ACTIVITIES, AND OF INTERFERING IN LAO INTERNAL AFFAIRS. THEY STILL SEE SPIES WHERE THERE ARE NONE, SUCH AS IN THE GIBSON CASE AND IN ANOTHER CASE INVOLVING TWO AMERICANS WHO WERE ORDAINED IN LAOS AS BUDDHIST MONKS. LPF PARANOIA CONCERNING THE U.S. PRESENCE CONTINUES AND THERE IS EVERY LIKELIHOOD THAT, GIVEN THE
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DETERIORATING ECONOMIC SITUATION, THE U.S. WILL BECOME INCREASINGLY A SCAPEGOAT FOR LPF (AND EVEN VIENTIANE SIDE) FRUSTRATIONS OVER THE INABILITY OF THE PGNU TO COPE WITH DAY-TO-DAY ECONOMIC PROBLEMS.

11. IT APPEARS UNLIKELY THAT LPF WILL RELEASE EMMET KAY FROM DETENTION IN SAM NEUA UNTIL AFTER ALL "HIGHER PRIORITY ISSUES," AS THEY SEE THEM, ARE RESOLVED. THE U.S. MISSION CONTINUES TO PRESSURE THE LPF FOR KAY'S RELEASE; THE LPF STATES THAT KAY IS NOT A PRISONER OF WAR, BUT A VIOLATOR OF THE PEACE AGREEMENT WHOSE CASE NEED NOT BE TREATED IN THE TIMEFRAME PROVIDED FOR IN THE AGREEMENT.

D. ECONOMIC SITUATION

12. OVERALL LAO GOVERNMENT ECONOMIC PERFORMANCE WAS ADEQUATE

DURING FIRST HALF OF FY-74, BUT COST OF NEW PGNU CAUSED BUDGETARY DISCIPLINE IN PARTICULAR TO WORSEN SIGNIFICANTLY IN THE LAST QUARTER OF FY-74, CONTRIBUTING TO GREATLY INCREASED INFLATIONARY PRESSURES ON THE ECONOMY. ALONG WITH PRESSURES FROM INCREASED WORLD PRICES FOR IMPORTS, THIS LACK OF FISCAL RESPONSIBILITY STIMULATED ACUTE DOMESTIC PRICE INCREASES (I.E., 23 PERCENT

INCREASE SINCE APRIL 1). FOREIGN EXCHANGE DEMAND INCREASED

SHARPLY BEGINNING IN APRIL AND, IN MID-JUNE, THIS DEMAND BREACHED THE CEILING ON CUMULATIVE PERMISSABLE FOREIGN EXCHANGE SALES THROUGH COMMERCIAL BANKS, AGREED UPON BY DONOR COUNTRIES PROVIDING STABILIZATION ASSISTANCE TO LAOS (AUSTRALIA, FRANCE, JAPAN, THE UNITED KINGDOM, AND THE U.S.). ALL THESE FACTORS RESULTED IN A CRISIS IN LATE JULY, LEADING TO IMPOSITION OF ECONOMIC REFORM MEASURES, COMPRISED OF CREDIT RESTRAINTS, EXCHANGE CONTROLS AND PLANNED TIGHT FISCAL POLICY. PATHET LAO OPPOSITION TO DEVALUATION OF THE KIP KEPT THE PRESENT TWO-TIER EXCHANGE RATE INTACT, AND SOUVANNA'S ABSENCE FROM POLITICAL LIFE AND VIENTIANE SIDE'S RELUCTANCE TO TAKE RESPONSIBILITY FOR A DEVALUATION RESULTED IN THE DEFERMENT OF THIS UNPOPULAR DECISION.

13. A PRELIMINARY ASSESSMENT OF THE REFORM MEASURES INDICATES
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THEY WERE TAKEN AS RESULT OF POLITICAL RATHER THAN ECONOMIC CONSIDERATIONS. THE RLG FAILURE TO SUFFICIENTLY CONSIDER ECONOMIC CONSEQUENCES OF EXCHANGE CONTROL MEASURES WILL MOST LIKELY RESULT IN UNNECESSARY AND UNDESIRABLE ECONOMIC INSTABILITY AND DISLOCATIONS. IRONICALLY, THE MOVE MAY HAVE CAUSED MORE POLITICAL PROBLEMS THAN IT SOLVED. PRICES CAN BE EXPECTED TO RISE SIGNIFICANTLY, REFLECTING SHARP INCREASES IN CURB MARKET (BLACK MARKET) RATES FOR FOREIGN EXCHANGE. COMMODITY SHORTAGES MAY WELL DEVELOP IN CERTAIN CATEGORIES; CORRUPTION WILL INCREASE; PRICE DISTORTIONS WILL OCCUR; CUSTOMS EVASION WILL INCREASE; AND IMPORT OVER-INVOICING AND EXPORT UNDER-INVOICING WILL OCCUR. OVERALL POST-WAR ECONOMIC DEVELOPMENT OF LAOS WILL SUFFER A SETBACK, AT LEAST IN THE SHORT TERM. AS THE PRINCIPAL AID DONOR, THE U.S. WILL WITHOUT ANY DOUBT BE BLAMED FOR THESE ECONOMIC ILLS AND DISTORTIONS AND "EVERYTHING WOULD BE FINE IF THE AMERICANS WOULD ONLY GIVE A BIT MORE AID" WILL BECOME THE POPULAR THEME FROM BOTH THE LPF AND VIENTIANE SIDE.

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14. DECREASES IN MAP/MASF FUNDING REFLECT SHARPLY REDUCED

MILITARY ACTIVITY LEVELS AND THESE DECREASES HAVE A LIMITED IMPACT ON LAO ECONOMIC STABILITY. HOWEVER, FUNDING FOR FEOF, U.S. IMPORT PROGRAM, AND "OTHER" (REPRESENTING KIP PURCHASES IN SUPPORT OF FORMER LAO IRREGULAR FORCES AND U.S. ASSISTANCE TO DEMOBILIZATION) PROVIDE FOREIGN EXCHANGE TO MEET REQUIREMENTS OF LAO ECONOMY. REDUCTION OF THIS FUNDING FOR FY-75 WILL HAVE SERIOUS AND DIRECT ESTABLIZING ECONOMIC AND POLITICAL CONSEQUENCES FOR LAOS.

15. THE DRAMATIC DECREASE IN U.S. ASSISTANCE TO LAOS IS CLEARLY ILLUSTRATED BY THE FOLLOWING TABLE:

U.S. ASSISTANCE TO LAOS
FY-71 - 74, ACTUAL, FY-75 PROJECTED

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IN MILLIONS OF US DOLLARS)

	FY-71	FY-72	FY-73	FY-74	FY-75
ECONOMIC ASSISTANCE					
PROJECT ASSISTANCE	31.3	30.7	31.7	28.2	39.2
FOREIGN EXCHANGE	16.1	17.8	16.1	15.4	17.5
OPERATIONS FUND					
U.S. IMPORT PROGRAM	1.5	.4	0	0	0
PL 480 (TITLE III)	2.3	1.4	2.3	3.6	2.4
SUB TOTAL	51.2	50.3	50.1	47.2	59.1

MILITARY ASSISTANCE					
MAP/MASF	158.3	247.0	274.4	82.3	67.7
OTHER (ESTIMATES)	16.9	14.1	15.4	14.1	0
SUB TOTAL	175.2	261.1	289.8	96.4	67.7

TOTAL	226.4	311.4	339.9	143.6	126.8
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NOTE: FY-75 AMOUNTS ARE FUNDING REQUESTS AND ACTUAL AMOUNTS MAY BE SIGNIFICANTLY LOWER. AMOUNTS ABOVE REPRESENT PROGRAM FUNDING, RATHER THAN ACTUAL DELIVERIES OR CASH DISBURSEMENTS.

16. PROBLEMS RESULTING FROM THE DETERIORATING ECONOMIC SITUATION MAY BE OF SUFFICIENT SERIOUSNESS TO JEOPARDIZE U.S. FOREIGN POLICY OBJECTIVES IN LAOS. WITH THIS IN MIND, IT SEEMS ADVISABLE TO GIVE SERIOUS CONSIDERATION--IN ADDITION TO FUNDS ALREADY PROGRAMMED--TO EARMARK AN ADDITIONAL \$5 MILLION FOR ECONOMIC STABILIZATION FROM FY-75 FUNDING TO MEET POSSIBLE URGENT REQUIREMENTS FOR EMERGENCY SUPPORT OF THE LAO ECONOMY. IN VIEW OF OUR OVERALL OBJECTIVES HERE, INCLUDING CONTINUING SUPPORT TO THE COALITION GOVERNMENT, EARMARKING OF FUNDS NOW FOR POSSIBLE USE LATER IN FY-75 IS, IN OUR JUDGMENT, ONLY PRUDENT AND CONSTITUTES A WELL-JUSTIFIED COURSE OF ACTION.

E. THE PRE-POST-SOUVANNA PERIOD

17. SOUVANNA'S HEART ATTACK ON JULY 12 CAME AS A SHOCK TO BOTH THE PATHET LAO AND VIENTIANE SIDE, AS WELL AS TO THE REPRESENTATIVES OF THE FOREIGN POWERS LONG USED TO HIS UNIQUE POSITION AS THE DOMINANT POLITICAL FIGURE IN LAOS AND THE CENTRAL SYMBOL OF THE LAO AGREEMENT. FOR TWO DECADES,

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SOUVANNA HAS BEEN THE ONLY GENUINELY NEUTRAL LEADER OF LAOS, THUS ACCEPTABLE TO ALL PARTIES. HIS HEART ATTACK BROUGHT HOME THE REALIZATION THAT HE WAS NOT, AFTER ALL, IMMORTAL, AND THAT PREPARATION HAD TO BE MADE FOR THE SUCCESSION IN A PERIOD WHEN

NATIONAL RECONCILIATION WAS FAR FROM BEING ACHIEVED. AS ONE OBSERVER PUT IT, "WE ARE NOW IN THE PRE-POST-SOUVANNA PERIOD."

18. AFTER SURVIVING THE INITIAL CRISIS, DURING WHICH SOUVANNA WAS TREATED BY AN INTERNATIONAL MEDICAL COLLEGIUM--INCLUDING A U.S.A.F. MEDICAL TEAM--SOUVANNA WILL NOW HAVE TO CONVALESCE FOR SEVERAL MONTHS, PROBABLY IN FRANCE. NEITHER THE PATHET LAO NOR VIENTIANE SIDE MADE EFFORTS TO CAPITALIZE ON HIS ILLNESS, AND A FURTHER PARALYSIS HAS SET INTO THE COALITION GOVERNMENT. ONLY ROUTINE MATTERS WILL BE ADDRESSED, AND THERE SEEMS TO BE A TACIT UNDERSTANDING TO AVOID CONTENTIOUS ISSUES WHICH MIGHT REACH SOUVANNA'S BEDSIDE AND DISRUPT HIS RECOVERY. BUT BOTH SIDES HAVE BECOME EVEN MORE NERVOUS ABOUT POSSIBLE POWER PLAYS THAN THEY WERE BEFORE.

19. MOREOVER, PRINCE SOUPHANOUVONG, SOUVANNA'S HALF-BROTHER AND PATHET LAO CHAIRMAN, IMMEDIATELY BEGAN COURTING THE RIGHT AND BOASTING TO FOREIGNERS THAT "HE HIMSELF WAS IN PERFECT HEALTH" IN AN OBVIOUS ALLUSION TO HIS SUITABILITY AS SOUVANNA'S SUCCESSOR. HE MET JULY 27 WITH FAR GENERALS, AND SUBSEQUENTLY WITH DEFENSE MINISTER SISOUK FOR THE FIRST TIME, THEREBY SUGGESTING THAT HE MAY BE TRYING TO PROMOTE HIS ACCEPTABILITY WITH ALL POLITICAL FORCES IN LAOS, BUT HE HAS A LONG WAY TO GO. THERE ARE OTHER CONTENDERS FOR SOUVANNA'S POSITION, BUT NONE WITH CREDENTIALS STRONG ENOUGH TO LOOM AS THE LOGICAL CHOICE. THE LAOS AGREEMENTS PRESCRIBE THAT THE PRIME MINISTER WILL NOT BE INCLUDED IN THE CONTINGENT OF EITHER SIDE, SUGGESTING THAT SOME NEUTRAL OUTSIDER, SUCH AS A MEMBER OF THE ROYAL FAMILY, MAY HAVE THE BEST SHOT AT THE PRIME MINISTERSHIP FOR AT LEAST AN INTERIM PERIOD.

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